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FM AMEMBASSY BRASILIA  
TO RUEHC/SECSTATE WASHDC PRIORITY 6460  
INFO RUEHRI/AMCONSUL RIO DE JANEIRO 2734  
RUEHSO/AMCONSUL SAO PAULO 7846  
RUEHRG/AMCONSUL RECIFE 5331  
RUEHBU/AMEMBASSY BUENOS AIRES 4214  
RUEHAC/AMEMBASSY ASUNCION 5607  
RUEHMN/AMEMBASSY MONTEVIDEO 6415  
RUEATRS/DEPT OF TREASURY WASHINGTON DC  
RHEHNSC/NSC WASHDC  
RUCPDO/USDOC WASHDC  
RHMFIUU/DEPT OF JUSTICE WASHDC  
RUEAHLG/DHS WASHDC

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STATE PASS USTR - CRONIN/SULLIVAN  
NSC FOR FEARS  
AID/W FOR LAC  
TREASURY FOR OASIA  
USDOC FOR 4332/ITA/MAC/WH/OLAC/JANDERSEN/ADRISCOLL/MWAR D  
USDOC FOR 3134/ITA/USCS/OIO/WH/RD/SHUPKA  
USPTO FOR PINKOS  
DOJ FOR MERRIAM  
HOMELAND SECURITY CENTER FOR ICE OIA BRYAN EVANS  
ALSO FOR ICE NATIONAL IPR COORDINATION CENTER

SENSITIVE  
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E.O. 12958: N/A

TAGS: [KIPR](#) [KCRM](#) [ETRD](#) [BR](#)

SUBJECT: Brazil: Copyright Piracy Six Months Later

REF: Brasilia 993

¶1. (SBU) Summary. In January 2006, a USG interagency community closed U.S. industry's petition, based upon lax enforcement of copyright piracy, to strip Brazil of GSP eligibility. Since then, both the Brazilian government and U.S. firms report advances in terms of seizures and law enforcement. Brazil's National Anti-Piracy Council (CNCP), they state, has been effective in moving its 99-point anti-piracy action plan forward. Particularly noteworthy has been the realization by Brazilian government and industry that while copyright piracy hurts U.S. firms, it injures Brazilians even more. Meanwhile, the U.S. Mission continues to work cooperatively with Brazil in training local law enforcement with respect to copyright piracy. Although one of the leaders among Brazil's cadre of IPR lawyers acknowledged the progress in terms of enforcement actions, he argued that the situation as a whole has not really changed. More still needs to be done, he said, to strengthen border controls, tighten legal penalties, and promote more active efforts by states and localities (especially in Rio de Janeiro). All would agree, however, that as Brazil moves forward, maintaining the momentum will require constant and permanent vigilance and the continued expenditure of government/industry resources. End Summary.

MPA's Views

¶2. (SBU) Local Motion Picture Association Executives (MPA) were fairly upbeat on the progress Brazil has made since the beginning of the year. Looking at the situation in terms of the specific USTR follow-up criteria (below), they noted that:

-- Enforcement actions on the Brazil-Paraguay border have shown a great improvement. During the first six months of 2006, Brazil seized 6,999,848 pirate burned optical discs and 29,860,173 blank optical discs, the latter figure representing more than 90 percent of the total of blank discs seized in all of Latin America. (Note: While the lion's share of the Brazilian seizures took place on the

Brazil-Paraguay border, some did occur elsewhere.)

-- The GOB has conducted anti-piracy raids in key black markets (for instance, in Sao Paulo at the Stand Center and Avenida 25 de Marco, and in Brasilia at the Feira Paraguaia) with very positive results. Nevertheless, many of these sites remain operational and continue to pose an IPR threat. (See reftel.)

-- The National Anti-Piracy Council (CNCP) has launched educational and media campaigns against piracy to raise awareness of the anti-piracy fight. For instance, the CNCP participated in the Customs Union anti-piracy campaign (UNAFISCO), launched at Bahia's carnival in 2006.

-- Problems persist with respect to prosecutions. Criminal law enforcement is slow and very seldom the indicted are convicted or actually serve jail time when they are. The MPA's anti-piracy arm (ADEPI) oversees more than 8,200 cases and so far in 2006 only 15 have resulted in sentences.

-- The CNCP has been very active and played a very important role in encouraging the establishment and formation of joint state and municipal IPR teams to focus on priority locations. Nevertheless, in key cities such as Sao Paulo, Campinas, and Rio de Janeiro, as well as in state capitals, pressure must be continually applied to keep momentum going.

-- The CNCP is continually working to implement the Action items in its National Action Plan, although many of the priorities, such as focusing mainly on black markets, educational campaigns and border controls, demand constant and permanent vigilance and resources.

-- All industries continue to participate in the CNCP and it is a

BRASILIA 00001781 002 OF 002

vital forum for the Brazil's valuable anti-piracy efforts.

GOB Self-Assessment: We're Doing Great

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13. (SBU) Not surprisingly, Ministry of External Relations (MRE) officials awarded the GOB stellar grades for its early 2006 copyright piracy performance. They reported that the amount of goods seized (measured in Brazilian reais) increased 24 percent from January to March 2005 compared to the corresponding period in 2006. Their two-month (January-February 2006) figures reflected the dramatic increase in seizures of blank and pirate optical media that the six-month MPA numbers demonstrated. In addition, they produced a list of raids in major raids which took place during the first quarter of 2006 in major cities such as Brasilia, Boa Vista, Fortaleza, Recife, Natal, Salvador, Belo Horizonte, Rio de Janeiro, Angra, Sao Paulo, and Foz do Iguacu. The continuing series of enforcement actions in Foz at the Friendship Bridge from January to March 2006 resulted in the seizure of 37 autos, 22 trucks, and R\$33,375,639 in contraband. Our MRE contacts, however, did not produce statistics demonstrating any significant increases in convictions for piracy offenses.

14. (SBU) For its part, Brazilian customs observes that its seizures increased 32.3% (measured in reais) from June to January 2006 compared to the same period the year before. Meanwhile, the upcoming opening of an expanded customs inspection station at the Foz Bridge should increase the GOB's monitoring capacity even more.

Dissenting Opinion from the Local IPR Bar

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15. (SBU) A Rio-based attorney specializing in IPR cases was less optimistic. In a conversation with AmConsulate Rio's ECON/POL assistant, he acknowledged that the Ministry of Justice and Customs had stepped up enforcement but wondered whether this increased activity was sustainable. Customs inspections are either lax or non-existent at night, he observed, thereby allowing contraband to freely enter the country after-hours. Moreover, he added, the GOB has declined to "seriously review" its criminal procedure code to facilitate the application of criminal penalties to IPR violators. Finally, while the states of Sao Paulo and Rio Grande do Sul have

created IPR task-forces, Rio, he stated, has not (although it has set up anti-piracy police units).

#### Budding USG-Brazil Training and Law Enforcement Cooperation

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16. (SBU) Brazil has proven receptive to embarking upon a law enforcement dialogue with the U.S. on anti-piracy issues. Over the past year, Brazilian and U.S. delegations have exchanged visits and conducted periodic consultations on a wide range of issues, from IPR information sharing to customs procedures. In addition, in conjunction with ADEPI, Mission has used INL and USTDA funding to conduct a series of copyright piracy training sessions throughout the country for law enforcement personnel. DHS trainers work with Brazilian counterparts to sensitize these officials to the issues involved in working with copyright piracy.

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